



Budget & Management Services

FY2022 1st Quarter Financial Report

November 18, 2021

FY2022 Financial Update

- ✓ The update reflects the Administration's effort to continually monitor the City's financial status and update City Council.
- ✓ It is very early in the fiscal year and a lot of uncertainty exists. Projections reflect staff's best estimate given the information available.
- ✓ The next financial update will be given in February 2022.





Proposed Budget



Photo Courtesy of Downtown Durham, Inc.

Fiscal Year 21-22
July 1, 2021 to June 30, 2022

General Fund

Reminder...

- First quarter is the least indicative of full year results.
- Property tax revenues, representing 51.7% of General Fund budget, are mostly collected in December and January.
- Property Tax Bills were mailed four to six weeks later than normal in FY2021.
- First sales tax payment for fiscal year not received until October.



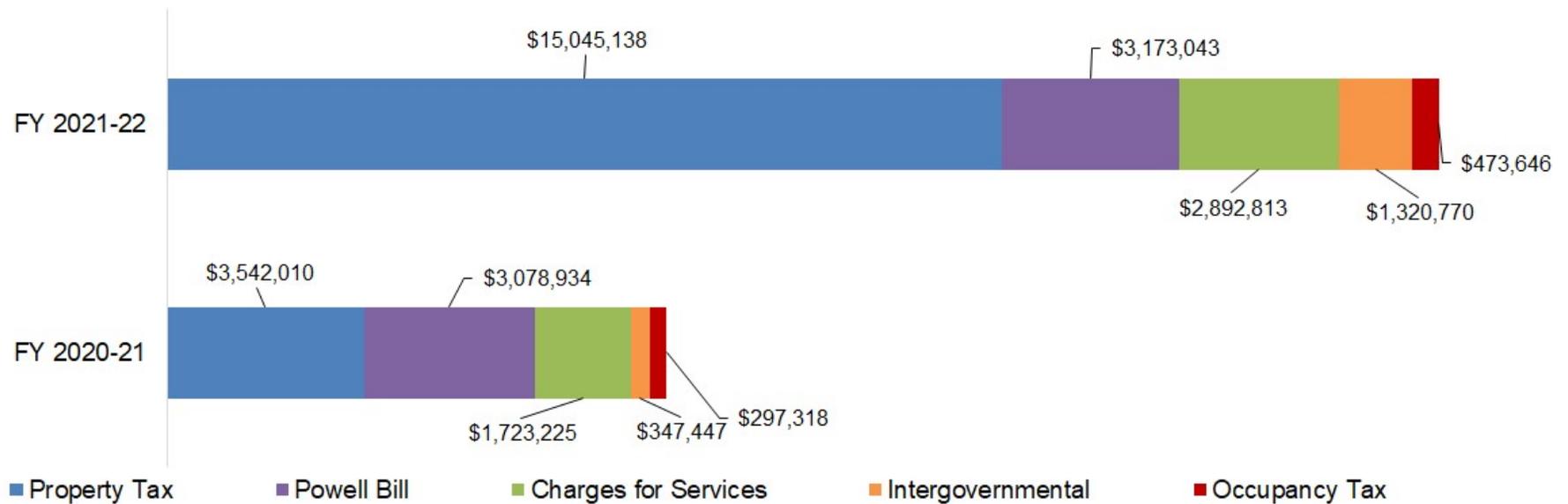
General Fund - Revenues

Compared to same period last year:

- Property Taxes up (324.8%).
- Occupancy Tax up (59.3%).
- Powell Bill up (3.1%).
- Intergovernmental Revenue up (280.1%).
- Charges for Services up (67.9%).



General Fund – Major Revenues / Q1 Comparison



General Fund – Revenues

| | FY2022 ADJUSTED BUDGET | ACTIVITY THROUGH SEPTEMBER 2021 | PROJECTION THROUGH YEAR END | VARIANCE TO ADJUSTED BUDGET POSITIVE/ (NEGATIVE) |
|---------------------------------------|---------------------------------------|--|--|---|
| REVENUES | | | | |
| Property Taxes | \$ 115,967,363 | \$ 15,045,138 | \$ 115,967,363 | \$ - |
| Sales Taxes | 76,566,445 | - | 76,566,445 | - |
| Hotel/Motel Occupancy Tax | 2,091,402 | 473,646 | 2,091,402 | - |
| Utility Franchise tax | 4,016,846 | - | 4,016,846 | - |
| Other Taxes | 425,000 | 142,729 | 425,000 | - |
| Powell Bill | 6,157,868 | 3,173,043 | 6,157,868 | - |
| Other Intergovernmental Revenues | 8,782,209 | 1,320,770 | 8,782,209 | - |
| Licenses & Permits | 430,402 | 170,814 | 430,402 | - |
| Rental Income | 99,071 | 10,112 | 99,071 | - |
| Charges For Services | 9,861,463 | 2,892,813 | 9,798,376 | (63,087) |
| Assessments | 28,000 | - | 28,000 | - |
| Sale of Property and Miscellaneous | 1,182,000 | 664,098 | 1,182,000 | - |
| TOTAL REVENUES | \$ 225,608,069 | \$ 23,893,163 | \$ 225,544,982 | \$ (63,087) |
| TOTAL EXPENDITURES | \$ 249,413,409 | \$ 59,326,194 | \$ 247,484,696 | \$ 1,928,713 |
| NET REVENUES LESS EXPENDITURES | \$ (23,805,340) | \$ (35,433,031) | \$ (21,939,714) | |
| To/(From) Fund Balance | | | | |
| | | | Overall Budget Variance | \$ 1,865,626 |



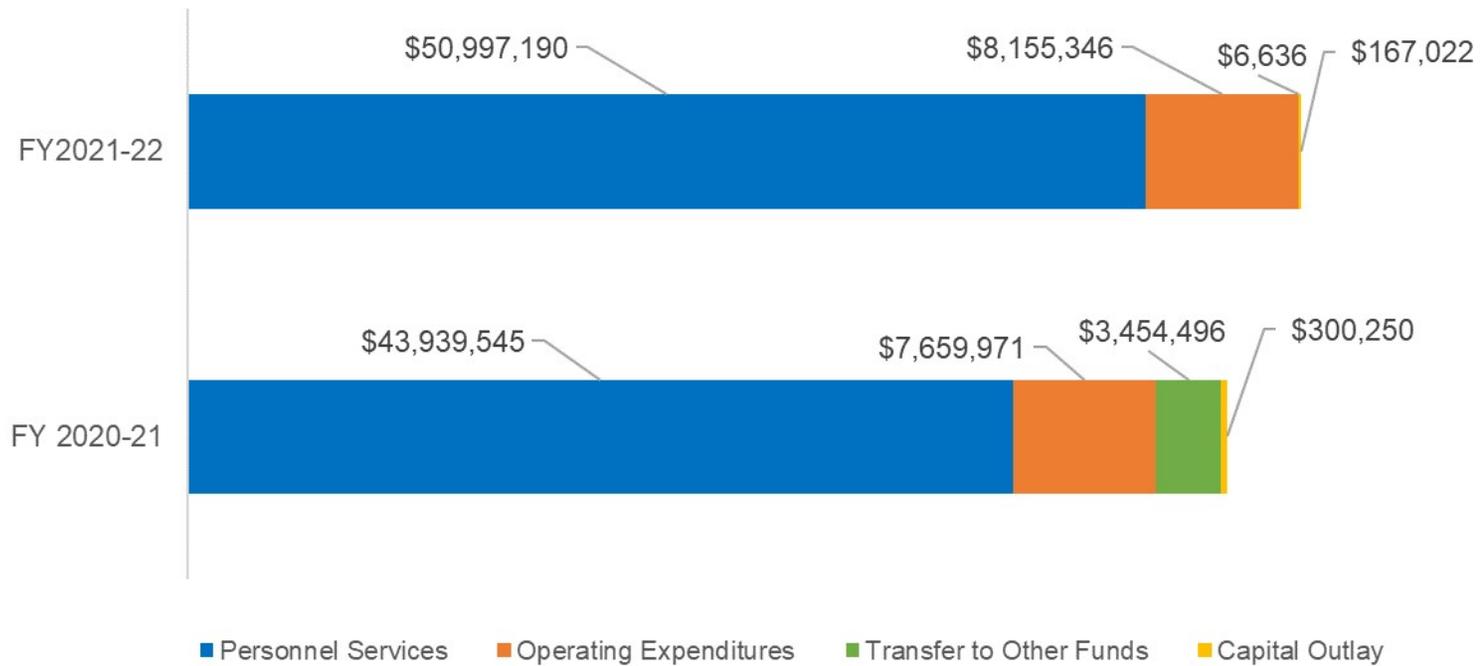
General Fund – Expenditures

- Year-end operations spending projected at \$1.9M less than budgeted:
 - Personnel costs under budget by \$1.4M
 - Operating and capital costs under budget by \$514K
- No departments are projected to exceed budget.



General Fund – Expenditures

Q1 Comparison- FY 2022 vs. FY 2021



General Fund – Expenditures

| CLASS | FY2022 ADJUSTED BUDGET | ACTIVITY THROUGH SEPTEMBER 2021 | PROJECTION THROUGH YEAR END | VARIANCE TO ADJUSTED BUDGET POSITIVE/ (NEGATIVE) |
|---|---------------------------------------|--|--|---|
| Personnel Services | \$ 182,626,107 | \$ 50,997,190 | \$ 181,210,968 | \$ 1,415,139 |
| Operating Expenditures | 50,128,677 | 8,155,346 | 49,628,350 | 500,327 |
| Capital Outlay | 2,117,607 | 167,022 | 2,104,360 | 13,247 |
| Appropriation Not Authorized for Expenditures | 2,397,037 | - | 2,397,037 | - |
| Transfers To Other Funds | 12,143,981 | 6,636 | 12,143,981 | - |
| Total | \$ 249,413,409 | \$ 59,326,194 | \$ 247,484,696 | \$ 1,928,713 |





Enterprise Funds

Water & Sewer Fund

- Overall revenues at 29.79% of budget
- Overall expenses at 20.33% of budget
 - Personnel expenses at 27.43% of budget
- Revenues are currently projected at budget.
- Expenditures are projected to come in under budget due to vacancies.



Water & Sewer Fund - Revenues

| | FY2022 ADJUSTED BUDGET | ACTIVITY THROUGH SEPTEMBER 2021 | PROJECTION THROUGH YEAREND | VARIANCE TO ADJUSTED BUDGET POSITIVE / (NEGATIVE) |
|-------------------------------------|---------------------------------------|--|---|--|
| REVENUES | | | | |
| Operating Revenues | \$ 112,059,738 | \$ 33,816,521 | \$ 112,059,738 | \$ - |
| Permits | 166,010 | 31,350 | 166,010 | - |
| Total Operating Revenues | \$ 112,225,748 | \$ 33,847,871 | \$ 112,225,748 | \$ - |
| Non-Operating Revenues | | | | |
| Miscellaneous | \$ 964,107 | \$ 63,766 | \$ 964,107 | \$ - |
| Investment Income | 300,000 | (99,941) | 300,000 | - |
| Total Non-Operating Revenues | \$ 1,264,107 | \$ (36,175) | \$ 1,264,107 | \$ - |
| TOTAL REVENUES | \$ 113,489,855 | \$ 33,811,696 | \$ 113,489,855 | \$ - |



Water & Sewer Fund - Expenses

| | FY2022 ADJUSTED BUDGET | ACTIVITY THROUGH SEPTEMBER 2021 | PROJECTION THROUGH YEAREND | VARIANCE TO ADJUSTED BUDGET POSITIVE/ (NEGATIVE) |
|---------------------------------------|---------------------------------------|--|---|---|
| EXPENDITURES | | | | |
| Personnel Services | \$ 36,767,428 | \$ 10,084,744 | \$ 35,989,298 | \$ 778,130 |
| Operating Expenditures | 27,717,461 | 6,372,572 | 27,717,461 | - |
| Non-Departmental Administration | 6,579,688 | 1,644,921 | 6,579,688 | - |
| Capital Outlay | 71,037 | 47,405 | 71,037 | - |
| Debt Service Principal and Interest | 12,445,558 | 5,222,353 | 12,445,558 | - |
| Operating Transfers to Other Funds | 31,364,275 | - | 31,364,275 | - |
| TOTAL EXPENDITURES | \$ 114,945,447 | \$ 23,371,995 | \$ 114,167,317 | \$ 778,130 |
| NET REVENUES LESS EXPENDITURES | \$ (1,455,592) | \$ 10,439,701 | \$ (677,462) | |
| To/(From) Fund Balance | | | | |
| | | | Overall Budget Variance | \$ 778,130 |



Transit Operations Fund

- Transit Operations Fund overall expected to operate under budget and anticipates coming in under adjusted budget by \$1.5M. Federal CRRSA grant funding has had a positive impact on revenues in the fund.
- Operating expenses and associated revenues will be significantly lower this fiscal year due to a delay in planned service enhancements.
- State funding is anticipated to resume during FY2022.
- Tax rate of 3.75 cents per \$100 (about \$13.9M) is budgeted in the Transit Fund.



Transit Operations Fund - Revenues

| | FY2022 ADJUSTED BUDGET | ACTIVITY THROUGH SEPTEMBER 2021 | PROJECTION THROUGH YEAR END | VARIANCE TO ADJUSTED BUDGET POSITIVE/ (NEGATIVE) |
|------------------------------|------------------------------|--|-----------------------------------|---|
| REVENUES | | | | |
| Operating Revenues | \$ 117,000 | \$ 47,619 | \$ 117,000 | \$ - |
| Non-Operating Revenues | | | | |
| Taxes | \$ 13,892,063 | \$ 1,759,803 | \$ 13,892,063 | \$ - |
| Investment Income | - | 1,327 | 5,308 | 5,308 |
| Grant Revenue | 11,332,043 | - | 11,332,043 | - |
| Miscellaneous | 13,240,995 | 1,033,301 | 9,522,108 | (3,718,887) |
| Total Non-Operating Revenues | \$ 38,465,101 | \$ 2,794,431 | \$ 34,751,522 | \$ (3,713,579) |
| TOTAL REVENUES | \$ 38,582,101 | \$ 2,842,050 | \$ 34,868,522 | \$ (3,713,579) |



Transit Operations Fund - Expenses

| | FY2022 ADJUSTED | ACTIVITY THROUGH SEPTEMBER | PROJECTION THROUGH | VARIANCE TO ADJUSTED BUDGET POSITIVE/ |
|---------------------------------------|------------------------|----------------------------------|-------------------------|---|
| EXPENDITURES | | | | |
| Personnel Services | \$ 383,997 | \$ - | 383,997 | \$ - |
| Operating Expenditures | \$ 42,860,426 | \$ 4,831,060 | \$ 30,792,855 | \$ 12,067,571 |
| Non-Departmental Administration | 719,259 | 179,814 | 719,259 | - |
| Capital Outlay | 4,604,745 | 29,859 | 227,712 | 4,377,033 |
| Payment to Refunded Bond Escrow Agent | - | - | - | - |
| Debt Service Principal and Interest | 142,054 | 119,219 | 142,054 | - |
| Operating Transfers to Other Funds | 1,427,521 | - | 1,427,521 | - |
| TOTAL EXPENDITURES | <u>\$ 50,138,002</u> | <u>\$ 5,159,952</u> | <u>\$ 33,309,401</u> | <u>\$ 16,444,604</u> |
| NET REVENUES LESS EXPENDITURES | <u>\$ (11,555,901)</u> | <u>\$ (2,317,902)</u> | <u>\$ 1,559,121</u> | |
| To/(From) Fund Balance | | | | |
| | | | Overall Budget Variance | <u>\$ 13,115,022</u> |



Solid Waste Fund

- Operating revenues under original budget mostly due to continued decrease in commercial garbage at transfer station.
- Personnel expenditures projected to come in at budget and operating expenditures projected to come in under budget by \$2.6M due to contract savings.
- Solid Waste Fund originally budgeted to receive 28.4% of revenues from charges and other non-tax revenues.
- Remaining revenue is provided by allocating 5.59 cents of tax rate.



Solid Waste Fund - Revenues

| | FY2022 ADJUSTED BUDGET | ACTIVITY THROUGH SEPTEMBER 2021 | PROJECTION THROUGH YEAR END | VARIANCE TO ADJUSTED BUDGET POSITIVE/ (NEGATIVE) |
|--------------------------------------|---------------------------------------|--|--|---|
| REVENUES | | | | |
| Operating Revenues | \$ 8,590,361 | \$ 1,564,290 | \$ 8,062,248 | \$ (528,113) |
| Non-Operating Revenues | | | | |
| Taxes | \$ 20,708,435 | \$ 2,623,117 | \$ 20,708,435 | \$ - |
| Investment Income | 42,000 | 1,482 | 42,000 | - |
| Miscellaneous | 330,397 | 50,408 | 350,500 | 20,103 |
| Operating Transfers from Other Funds | 554,020 | 554,214 | 554,214 | 194 |
| Total Non-Operating Revenues | \$ 21,634,852 | \$ 3,229,221 | \$ 21,655,149 | \$ 20,297 |
| TOTAL REVENUES | \$ 30,225,213 | \$ 4,793,511 | \$ 29,717,397 | \$ (507,816) |



Solid Waste Fund - Expenses

| | FY2022 ADJUSTED BUDGET | ACTIVITY THROUGH SEPTEMBER 2021 | PROJECTION THROUGH YEAR END | VARIANCE TO ADJUSTED BUDGET POSITIVE/ (NEGATIVE) |
|---------------------------------------|---------------------------------------|--|--|---|
| EXPENDITURES | | | | |
| Personnel Services | \$ 9,923,154 | \$ 2,857,659 | \$ 9,923,154 | \$ - |
| Operating Expenditures | 16,594,704 | 3,182,623 | 14,025,184 | 2,569,520 |
| Non-Departmental Administration | 2,907,625 | 726,906 | 2,907,625 | - |
| Capital Outlay | 171,728 | - | 171,728 | - |
| Appropriations not authorized | 200,000 | - | 200,000 | - |
| Debt Service Principal and Interest | 3,647,851 | 352,527 | 3,647,851 | - |
| TOTAL EXPENDITURES | \$ 33,445,062 | \$ 7,119,715 | \$ 30,875,542 | \$ 2,569,520 |
| NET REVENUES LESS EXPENDITURES | \$ (3,219,849) | \$ (2,326,204) | \$ (1,158,145) | |
| To/(From) Fund Balance | | | | |
| | | | Overall Budget Variance | \$ 2,061,704 |



Stormwater Fund

- Provides for the management and maintenance of operational expenses of stormwater activities which include street cleaning.
- The fund is a self-sufficient enterprise fund and receives no tax support.
- At quarter-one, the Stormwater Fund has received 38.26% of projected revenues, which is significantly higher over the same time last year based on the resumption of annual residential stormwater fee billing schedules.
- The fund anticipates using fund balance this fiscal year (\$4.41M) largely due to capital improvement projects.



Stormwater Fund - Revenues

| | FY2022 ADJUSTED BUDGET | ACTIVITY THROUGH SEPTEMBER 2021 | PROJECTION THROUGH YEAR END | VARIANCE TO ADJUSTED BUDGET POSITIVE/ (NEGATIVE) |
|--------------------------------------|------------------------------|--|-----------------------------------|---|
| REVENUES | | | | |
| Operating Revenues | \$ 18,226,156 | \$ 6,973,252 | \$ 18,229,356 | \$ 3,200 |
| Non-Operating Revenues | | | | |
| Investment Income | \$ 44,000 | \$ 3,466 | \$ 44,000 | \$ - |
| Miscellaneous Income | - | - | \$ - | - |
| Operating Transfers from Other Funds | 109,047 | 109,047 | 109,047 | - |
| Total Non-Operating Revenues | \$ 153,047 | \$ 112,513 | \$ 153,047 | \$ - |
| TOTAL REVENUES | \$ 18,379,203 | \$ 7,085,765 | \$ 18,382,403 | \$ 3,200 |



Stormwater Fund - Expenses

| | FY2022 ADJUSTED BUDGET | ACTIVITY THROUGH SEPTEMBER 2021 | PROJECTION THROUGH YEAR END | VARIANCE TO ADJUSTED BUDGET POSITIVE/ (NEGATIVE) |
|---------------------------------------|---------------------------------------|--|--|---|
| EXPENDITURES | | | | |
| Personnel Services | \$ 9,976,374 | \$ 2,696,832 | \$ 9,780,624 | \$ 195,750 |
| Operating Expenditures | 2,965,597 | 508,512 | 2,966,859 | (1,262) |
| Non-Departmental Administration | 1,466,904 | 366,726 | 1,466,904 | - |
| Appropriations not authorized | - | - | - | - |
| Capital Outlay | 59,113 | - | 59,113 | - |
| Operating Transfers to Other Funds | 8,524,500 | - | 8,524,500 | - |
| TOTAL EXPENDITURES | \$ 22,992,488 | \$ 3,572,070 | \$ 22,798,000 | \$ 194,488 |
| NET REVENUES LESS EXPENDITURES | \$ (4,613,285) | \$ 3,513,695 | \$ (4,415,597) | |
| To/(From) Fund Balance | | | | |
| | | | Overall Budget Variance | \$ 197,688 |



Parking Fund

- The Parking Fund operating revenues are not projected to cover fund operating expenses.
- Debt Service Fund subsidizes the existing debt portion of the fund.
- Parking Fund is overall anticipated to operate at a significantly negative budget variance due to COVID-19 impact, reduced parking demand and one-time cost associated with operational efficiencies.



Parking Fund - Revenues

| | FY2022 ADJUSTED BUDGET | ACTIVITY THROUGH SEPTEMBER 2021 | PERCENT OF BUDGET TO DATE | PROJECTION THROUGH YEAR END | VARIANCE TO ADJUSTED BUDGET POSITIVE/ (NEGATIVE) |
|--------------------------------------|------------------------------|--|---------------------------------|-----------------------------------|---|
| REVENUES | | | | | |
| Operating Revenues | \$ 2,599,425 | \$ 585,927 | 22.54% | \$ 2,127,728 | \$ (471,697) |
| Non-Operating Revenues | | | | | |
| Investment Income | \$ 1,239 | \$ - | 0.00% | \$ 1,239 | \$ - |
| Miscellaneous | 121,251 | 45,154 | 37.24% | 182,102 | 60,851 |
| Operating Transfers from Other Funds | 1,218,540 | 1,218,540 | 100.00% | 1,218,540 | - |
| Total Non-Operating Revenues | \$ 1,341,030 | \$ 1,263,694 | 94.23% | \$ 1,401,881 | \$ 60,851 |
| TOTAL REVENUES | \$ 3,940,455 | \$ 1,849,621 | 46.94% | \$ 3,529,609 | \$ (410,846) |



Parking Fund - Expenses

| | FY2022 ADJUSTED BUDGET | ACTIVITY THROUGH SEPTEMBER 2021 | PROJECTION THROUGH YEAR END | VARIANCE TO ADJUSTED BUDGET POSITIVE/ (NEGATIVE) |
|---------------------------------------|---------------------------------------|--|--|---|
| EXPENDITURES | | | | |
| Personnel Services | \$ 2,055,047 | \$ 560,961 | \$ 2,032,707 | \$ 22,340 |
| Operating Expenditures | 2,006,689 | 266,824 | 2,131,641 | (124,952) |
| Non-Departmental Administration | 578,917 | 144,729 | 578,917 | - |
| Debt Service Principal and Interest | <u>1,327,478</u> | <u>888,413</u> | <u>1,327,478</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>\$ 5,968,131</u> | <u>\$ 1,860,927</u> | <u>\$ 6,070,743</u> | <u>\$ (102,612)</u> |
| NET REVENUES LESS EXPENDITURES | <u>\$ (2,027,676)</u> | <u>\$ (11,306)</u> | <u>\$ (2,541,134)</u> | |
| To/(From) Fund Balance | | | Overall Budget Variance | <u>\$ (513,458)</u> |



Inspections Fund

- Provides for support of the Inspections Department and other inspection related activities.
- Revenues are currently projected at budget.
- At the end of the first quarter, the Inspections fund had received 28.35% of budgeted revenues and 24.22% of budgeted expenditures.
- The fund is currently projected to end the year at budget.
- Second quarter projections will provide a more accurate view of year end expectations.



Inspections Fund - Revenues

| | FY2022 ADJUSTED BUDGET | ACTIVITY THROUGH SEPTEMBER 2021 | PROJECTION THROUGH YEAR END | VARIANCE TO ADJUSTED BUDGET POSITIVE/ (NEGATIVE) |
|--|---------------------------------------|--|--|---|
| REVENUES | | | | |
| Licenses, Permits & Charges for Services | \$ 7,262,351 | \$ 2,073,395 | \$ 7,262,351 | \$ - |
| Non-Operating Revenues | | | | |
| Impact Fees | \$ 35,500 | \$ 13,354 | \$ 35,500 | \$ - |
| Investment Income | 72,000 | 2,490 | 72,000 | - |
| Total Non-Operating Revenues | \$ 107,500 | \$ 15,844 | \$ 107,500 | \$ - |
| TOTAL REVENUES | \$ 7,369,851 | \$ 2,089,239 | \$ 7,369,851 | \$ - |



Inspections Fund - Expenses

| | FY2022 ADJUSTED BUDGET | ACTIVITY THROUGH SEPTEMBER 2021 | PROJECTION THROUGH YEAR END | VARIANCE TO ADJUSTED BUDGET POSITIVE/ (NEGATIVE) |
|---------------------------------------|---------------------------------------|--|--|---|
| EXPENDITURES | | | | |
| Personnel Services | \$ 5,953,734 | \$ 1,560,841 | \$ 5,953,734 | \$ - |
| Operating Expenditures | 1,423,496 | 258,624 | 1,423,496 | (0) |
| Capital Outlay | - | - | - | - |
| Operating Transfers to Other Funds | 133,930 | - | 133,930 | - |
| TOTAL EXPENDITURES | \$ 7,511,160 | \$ 1,819,465 | \$ 7,511,160 | \$ (0) |
| NET REVENUES LESS EXPENDITURES | \$ (141,309) | \$ 269,774 | \$ (141,309) | |
| To/(From) Fund Balance | | | | |
| | | | Overall Budget Variance | \$ (0) |

